Assembly Bill No. 215

CHAPTER 240

An act to amend Section 53260 of the Government Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

AB 215, Alejo. Local agency employment contracts: maximum cash settlement.

Existing law requires all employment contracts between an employee and a local agency employer to contain a provision that provides for the amount of a cash settlement that may be paid out if the contract is terminated, as specified. Existing law provides that the maximum settlement that an employee can receive is an amount equal to the monthly salary of the employee multiplied by the number of months left on the unexpired term of the contract, or, if the unexpired terms of the contract is greater than 18 months, an amount equal to the monthly salary of the employee multiplied by 18.

This bill would provide that in the case of a district superintendent of schools, for contracts of employment executed on or after January 1, 2016, the maximum cash settlement shall be an amount equal to the monthly salary of the employee multiplied by 12.

Existing law limits the amount of a cash or noncash settlement that a local agency employer may provide its district superintendent of schools to an amount no greater than the superintendent's monthly salary multiplied by zero to 6, if it terminates the superintendent's contract of employment and confirms pursuant to an independent audit that the superintendent engaged in fraud, misappropriation of funds, or other illegal fiscal practices. In this case, existing law requires an administrative law judge, after a hearing, to determine the amount of the cash settlement.

This bill, with regard to a contract for employment executed on or after January 1, 2016, would instead provide that a cash or noncash settlement in any amount may be paid by a local agency employer to its district superintendent of schools under these provisions.

The people of the State of California do enact as follows:

SECTION 1. Section 53260 of the Government Code is amended to read:

53260. (a) All contracts of employment between an employee and a local agency employer shall include a provision that provides that regardless of the term of the contract, if the contract is terminated, the maximum cash settlement that an employee may receive shall be an amount equal to the monthly salary of the employee multiplied by the number of months left on the unexpired term of the contract, with the following exceptions:

(1) If the unexpired term of the contract is greater than 18 months, the maximum cash settlement shall be an amount equal to the monthly salary of the employee multiplied by 18.

(2) In the case of a district superintendent of schools, for contracts of employment executed on or after January 1, 2016, the maximum cash settlement shall be an amount equal to the monthly salary of the employee multiplied by 12.

(b) (1) Notwithstanding subdivision (a), if a local agency employer, including an administrator appointed by the Superintendent, terminates its contract of employment with its district superintendent of schools, that local agency employer shall not provide a cash or noncash settlement to its superintendent in any amount if the local agency employer believes, and subsequently confirms, pursuant to an independent audit, that the superintendent has engaged in fraud, misappropriation of funds, or other illegal fiscal practices.

(2) This subdivision applies only to a contract for employment executed on or after January 1, 2016.

(c) The cash settlement formulas described in subdivision (a) are maximum amounts that may be paid by a local agency employer to an employee and not a target or example of the amount of the cash settlement to be paid by a local agency employer to an employee in all contract termination cases.

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